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October 24, 2011

Public Service Commission of South Carolina
101 Executive Center Drive
Suite 101
Columbia, South Carolina

ATTN: Chairman John E. Howard

Dear Mr. Howard,

Enclosed you will find a copy of a letter that I wrote to then Chairperson Elizabeth B. Fleming on August 5, 2009. It outlined my opposition to the 12% rate increase that Duke Power was asking for at that time. I believe, in the end, your commission did grant them a 9.2% increase using a method that The State newspaper said put an undue burden on the residential consumer while lowering manufacturers cost by 4.8%.

Here we are, at the end of the two year rate increase and Duke Power is asking AGAIN for your commission to grant them a 15% rate increase. Have they no shame?

Under these proposals Duke Power does not have to practice good and sound business principals, simply ask for a rate increase. Are they not aware that this country is experiencing the worst business climate since the 1930's... that unemployment in the state of South Carolina is over 9%.

I hope you and the rest of the commission will rise-up in indignation and repudiate this request.

Yes, we need electricity and Duke Power holds that monopoly in this state but your commission should require Duke Power be held to a higher standard since they do possess a monopoly. They can function quite well without this ludicrous increase by doing what every other company and individual is doing in these times...tighten your belt.

Yours truly,

A handwritten signature in black ink, appearing to read "Alan Cannon", with a stylized, flowing script.

Alan Cannon

Alan Y. Cannon • 111 Bradley Park • Anderson, SC 29621

August 5, 2009

Public Service Commission of South Carolina
101 Executive Center Drive
Suite 101
Columbia, South Carolina 29210

ATTN: Chairperson: Elizabeth B. Fleming

Dear Ms. Fleming,

I am writing in regard to the 12% increase that Duke Power Company has requested for the coming years. I have read in my local daily newspapers...The Anderson Independent and The Greenville News...that they are requesting this increase so that their stockholders will receive the return on investment that they expect.

My question to you, Ms. Fleming is "What corporation in America, right now, would not love to give their stockholders the return on capital that they expect?"

During the worst recession since the great depression, most corporations are simply trying to stay in business...and a great many of them have not achieved that end. This letter cannot be long enough to list those who no longer exist much less give their stockholders a fair return on their money.

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By RUDOLPH BELL
The Greenville News

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ATTN: Commission Member Swain E. Whitfield

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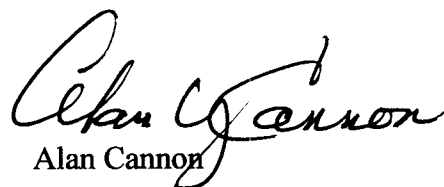
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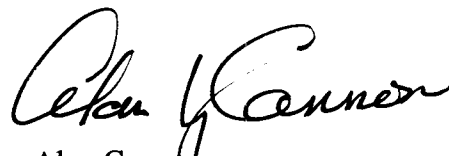
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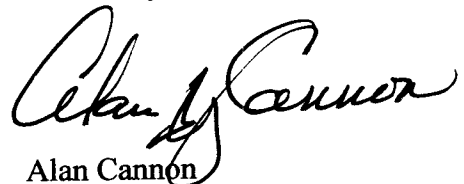
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The Greenville News

Upstate residents likely wouldn't be facing as steep of an increase in their power bills if South Carolina officials had used a different method of allocating costs as part of their analysis of Duke Energy's request to raise prices.

Residential customers who buy their power from Duke face a 9.2 percent price hike by February under a settlement agreement between the company and the Office of Regulatory Staff, the state agency charged with protecting the public interest in utility matters.

Costs for manufacturers, however, would drop at least 4.8 percent under the proposal, which must be approved by the Public Service Commission before it can take effect.

The burden of the rate hike would be spread more evenly among the different customer categories if the Office of Regulatory Staff had used the "average and peak" method of allocating power generation costs instead of the "coincident peak" method, according to two experts in utility regulation.

"Most places use the average and peak method," said Ed Bodmer, a Chicago consultant who has participated in utility rate cases for 30 years and given expert testimony in nine states.

Duke spokesman Jason Walls said the settlement agreement would better align customer rates with the actual costs of serving those customers.

The coincident peak method used by South Carolina looks solely at how much electricity the various customer categories use at "peak demand," the day of the year when power demand is highest. That tends to assign more of the capital costs of power generation to residential customers because they are most responsible for seasonal highs in power demand as they turn on heaters in winter and air conditioners in summer, the experts said.

The average and peak method used by other states takes into account another factor: the total kilowatt-hours that various customer categories use over the course of a year. That tends to put more of the costs on the shoulders of manufacturers, the experts said.

"Industry, while it doesn't use a lot of peak demand, uses a lot of energy over the year because it's running basically 24/7," said Carl Peterson, a professor in the Center for Business and Regulation at the University of Illinois Springfield.

Peterson said Michigan regulators use the average and peak method for cost allocation under the theory that the costs of "baseload" plants relate to total kilowatt-hours used and the costs of "peaking" plants relate to peak demand.

If South Carolina's Office of Regulatory Staff had employed the same method, Duke's residential customers might not be facing such a steep rate hike at the same time manufacturers are set to get a decrease, Peterson said.

"It certainly would even it out more," he said.

Which method is employed is a matter of regulatory philosophy, the experts said.

Randy Watts, electric regulation program manager at the Office of Regulatory Staff, said South Carolina has historically employed the coincident peak method because electrical systems in the South tend to be driven by peak demand.

"That is the main driver, and that is the one that has the most costs," he said.

The office looks at which customers are responsible for power generation costs instead of "how can we evenly spread these costs among everybody," Watts said.

He said the coincident peak method, which Duke recommended, allocates costs "at least as fairly as any of the others as far as we've seen."

October 24, 2011

Public Service Commission of South Carolina
101 Executive Center Drive
Suite 101
Columbia, South Carolina

ATTN: Commission Member G. O'Neal Hamilton

Dear Mr. Hamilton,

Enclosed you will find a copy of a letter that I wrote to then Chairperson Elizabeth B. Fleming on August 5, 2009. It outlined my opposition to the 12% rate increase that Duke Power was asking for at that time. I believe, in the end, your commission did grant them a 9.2% increase using a method that The State newspaper said put an undue burden on the residential consumer while lowering manufacturers cost by 4.8%.

Here we are, at the end of the two year rate increase and Duke Power is asking AGAIN for your commission to grant them a 15% rate increase. Have they no shame?

Under these proposals Duke Power does not have to practice good and sound business principals, simply ask for a rate increase. Are they not aware that this country is experiencing the worst business climate since the 1930's... that unemployment in the state of South Carolina is over 9%.

I hope you and the rest of the commission will rise-up in indignation and repudiate this request.

Yes, we need electricity and Duke Power holds that monopoly in this state but your commission should require Duke Power be held to a higher standard since they do possess a monopoly. They can function quite well without this ludicrous increase by doing what every other company and individual is doing in these times...tighten your belt.

Yours truly,



Alan Cannon

Alan Y. Cannon • 111 Bradley Park • Anderson, SC 29621

August 5, 2009

Public Service Commission of South Carolina
101 Executive Center Drive
Suite 101
Columbia, South Carolina 29210

ATTN: Chairperson: Elizabeth B. Fleming

Dear Ms. Fleming,

I am writing in regard to the 12% increase that Duke Power Company has requested for the coming years. I have read in my local daily newspapers...The Anderson Independent and The Greenville News...that they are requesting this increase so that their stockholders will receive the return on investment that they expect.

My question to you, Ms. Fleming is "What corporation in America, right now, would not love to give their stockholders the return on capital that they expect?"

During the worst recession since the great depression, most corporations are simply trying to stay in business...and a great many of them have not achieved that end. This letter cannot be long enough to list those who no longer exist much less give their stockholders a fair return on their money.

It is pure arrogance on the part of Duke Power to ask for a 12% increase. In all honesty, perhaps they are due some increase, but surely no one can justify 12%. I hope you and your fellow commissioners, John E. Howard, David A. Wright, Randy Mitchell, G. O'Neal Hamilton, Mignon L. Clyburn and Swain E. Whitfield will give sincere and earnest thought to this matter and arrive at a decision that is commensurate with our economic times.

Yours truly,

Alan Y. Cannon

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Friday, Dec 11, 2009

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